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C O N F I D E N T I A L SECTION 01 OF 02 SINGAPORE 000819

SIPDIS

FCC FOR CHAIRMAN MARTIN

E.O. 12958: DECL: 07/28/2018
TAGS: [ECPS](#) [ECON](#) [EINT](#) [ETRD](#) [SN](#)
SUBJECT: FCC CHAIRMAN MARTIN RAISES INFOCOMM ISSUES WITH GOS

Classified By: Ambassador Patricia L. Herbold for reasons 1.4(b) and (d)
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11. (C) Summary: Federal Communications Commission (FCC) Chairman Kevin Martin sought details on Singapore's plans and bidding process for building its next generation fiber optic network, Singapore's free wireless broadband service, and its innovations in providing consumer choice, including a la carte pricing of cable television and IPTV content, during his visit to Singapore on June 23. Minister for Information, Communications and the Arts (MICA) LEE Boon-Yang and InfoComm Development Authority (IDA) Director-General LEONG Keng Thai asked about the U.S. auction of the 700MHz band, noting that Singapore would eventually follow suit. Chairman Martin raised problems U.S. telecommunication companies had in gaining access to local-leased circuits, but was told they would be resolved by the installation of Singapore's new fiber optic network. In addition to Minister Lee and DG Leong, Chairman Martin and the Ambassador also met with Media Development Authority (MDA) Chairman TAN Chin Nam, StarHub President Mike Reynolds, and SingTel Group CEO CHUA Sock Koong. Chairman Martin also gave an interview with the Business Times. End summary.

Broadband Network

12. (SBU) DG Leong explained that the GOS expects to decide by August or September between bids from two consortia for building the passive infrastructure of an island-wide fiber optic network running to every home. Minister Lee told Chairman Martin separately that ten companies pre-qualified to bid and now six have formed two consortia that are competing for the project. To make installation in every home cost effective, the GOS will provide the winner a S\$750 million (US\$547.5 million) subsidy for construction of the network. The winning bidder will be required to build both wired and wireless infrastructure in tandem, and this passive infrastructure will remain a "natural monopoly." Minister Lee noted that the GOS would not prohibit companies from building, maintaining or expanding their own networks at their own expense, though they would likely find it cheaper to buy into the subsidized network. DG Leong said there will be a separate bidding process for the right to operate the system. The winning operating company will receive a subsidy and have an obligation to provide universal service. The network will be open to other operating companies, which will be able to buy capacity at the same rates on a non-discriminatory basis.

Free Wireless Broadband Service

13. (SBU) Minister Lee explained that the Singapore Government supports free wireless broadband service provided

by third generation wireless networks, offering 512 kbps, entry-level broadband for 3 hours per month. This service has reached 800,000 users and complements Singapore's NGN fiber to the home broadband project. Lee explained they studied examples in Taiwan and U.S. citywide models. Chairman Martin explained citywide models in Philadelphia and San Francisco have not been fulfilled due to the high expense and said he has proposed that the Commission conduct its new spectrum auction with a requirement that the winner offer a lifeline basic coverage speed service for free.

Successful U.S. Auction

¶4. (C) Minister Lee, DG Leong, and MDA Chairman Tan all congratulated Chairman Martin on the FCC's successful auction of the 700MHz band and expressed interest in the U.S. digital television transition due to take effect in February 2009. DG Leong said that Singapore planned eventually to undertake a similar exercise to recapture the 700MHz band, but the process is complicated since Singapore shares the band with Malaysia and Indonesia. DG Leong said the three countries had agreed on the need for an integrated regional plan to share the 700MHz band, but that it would not be ready before ¶2015.

Offering Consumer Choice

¶5. (SBU) MDA officials discussed local providers' approach to offering consumers a wide range of choice in cable television program packages and pricing. StarHub and SingTel

SINGAPORE 00000819 002 OF 002

both said that they offer cable or Internet Protocol Television (IPTV) packages with greater flexibility and at lower entry prices than those offered in the United States. SingTel CEO Chua said SingTel's IPTV service offers customers the ability to purchase channels individually for periods as short as one month. SingTel officials demonstrated how a consumer can purchase and/or cancel programs instantaneously via an automated onscreen system using the television remote control.

¶6. (Note: Cable and IPTV providers in Singapore offer programming on an a la carte basis where subscribers must select a number of a la carte channels to reach a minimum monthly charge, or must purchase a basic tier of channels before being allowed access to a la carte offerings. In Singapore, the IPTV provider offers individual channels starting at as low as approximately \$2 per month for a yearly plan (\$3 for a monthly plan) and reaching more than \$7 per month for a yearly plan (up to \$11 for a monthly plan) provided that customers purchase enough channels to reach the minimum monthly charge of approximately \$11. The cable provider provides basic packages, as well as single channel options from which customers must choose at least three out of seven "Basic Groups" of channels ranging from \$18 to \$25 before they can subscribe to other channels. End Note.)

¶7. (SBU) CEO Chua complained that SingTel, as Singapore's newest cable provider, has had difficulty acquiring premium content to distribute due to StarHub's pre-existing exclusive agreements with many of the most popular content providers. Both StarHub and SingTel noted that increasing competition in the cable television market has actually increased prices, as providers have had to bid up the cost of programming, particularly for popular sports content. MDA representatives said that Singapore's main content problem is that exclusivity agreements force consumers to subscribe to both cable and IPTV if they want to have access to all of the content available in the television market.

¶8. (SBU) MDA officials also said that 99 percent of Singapore homes have cable access but that only 55 percent of households pay for cable. This is because all high-rise and

public housing buildings are wired for cable and the seven free-to-air channels are provided free of charge through the cable. They noted that the one percent without cable access remained an important constituency for free-to-air programming because these households tend to be influential individuals with enough wealth to own "landed" homes. While lower-income Singaporeans in public housing all have access to cable, those in single-family homes are often reluctant to pay the several thousand dollars it costs to have their houses wired for cable.

U.S. Telecom Access

¶9. (C) Chairman Martin raised with IDA, Singapore's telecom regulator, the difficulties U.S. carriers have faced in accessing SingTel's local-leased lines despite some progress on other telecom-related commitments under the United States-Singapore Free Trade Agreement. He expressed concern about the burdens imposed by SingTel's stated plans to close some local exchanges, which complicated infrastructure planning and investment by U.S. telecom providers. DG Leong noted that IDA had responded by increasing the required notification period for the closure of local exchanges, but asserted that the implementation of the next-generation fiber optic network, to which U.S. companies will have equal access, was the ultimate solution to these problems. He did not elaborate how Singapore proposed to fulfill its FTA commitments in this area.

¶10. (U) FCC Chairman Martin's staff cleared this message.
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